

PUBLIC DISCLOSURE

JUNE 24, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MECHANICS CO-OPERATIVE BANK

308 BAY STREET
TAUNTON, MA 02780

DIVISION OF BANKS
1 SOUTH STATION
BOSTON, MA 02110

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| <p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p> |
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **Mechanics Cooperative Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding".

Mechanics Cooperative Bank has demonstrated adequate loan to deposit ratios over the last eight quarters. The bank's net loan to deposit ratio averaged 68.9 percent. It has increased from 65.3 percent since the last examination dated May 1997. The ratio has been on a slight upward trend since that time and stands at 74.8 percent as of March 31, 2002. This performance meets the standards for satisfactory performance.

Based on the 2000, 2001 and year-to-date June 26, 2002, Home Mortgage Disclosure Act (HMDA) data, approximately 53.8 percent of the number and 61.9 percent of the dollar amount of the bank's loans were inside the assessment area. This lending activity is considered to meet satisfactory performance.

The distribution of loans to borrowers represents an excellent penetration among the various income levels in the assessment area. An analysis of mortgage originations indicated that 48.1 percent of total originations were to low and moderate-income borrowers. In 2000, the bank ranked fifth in lending to low and moderate-income borrowers.

The bank's distribution of loans to moderate-income areas is considered excellent. The level of lending in moderate-income tracts is greater than the percentage of owner-occupied properties. In addition, the bank ranked third among its peers for lending in moderate-income areas within the assessment area.

The bank's fair lending performance was found to be satisfactory and no CRA related complaints were received since the previous examination.

PERFORMANCE CONTEXT

Description of Institution

Mechanics Cooperative Bank is a state chartered financial institution incorporated under the laws of the Commonwealth of Massachusetts in 1877 to serve the credit needs of the residents of the City of Taunton. As of March 31, 2002, the bank had total assets of \$96,965,000 of which 68.0 percent are in the form of loans. The institution's primary lending focus is residential 1-4 family real estate, which comprises 62.6 percent of the loan portfolio, followed by consumer loans with 20.3 percent. Refer to the following table for additional information on the breakdown of loans.

Loan Portfolio Composition

| Loan Type | Amount (000s) | Percent |
|--|----------------------|----------------|
| One to Four-Family Residential Mortgages | \$41,238 | 62.6 |
| Consumer Loans | \$13,403 | 20.3 |
| Construction and Land Development | \$5,562 | 8.4 |
| Commercial Real Estate | \$3,123 | 4.7 |
| Multifamily (5 or more) Residential Properties | \$1,459 | 2.2 |
| Commercial and Industrial | \$1,096 | 1.7 |
| Equity Lines of Credit | \$129 | 0.1 |
| Less: unearned income | \$102 | - |
| Total Gross Loans | \$65,908 | 100.0 |

Source: March 31, 2002 Consolidated Report of Condition.

The bank offers a loan program called Freedom Mortgage, which features reduced closing costs and allows the borrower to be placed in a mortgage for twenty years for a 15-year rate. This allows the borrower to obtain equity faster as well as pay down the mortgage in a shorter time frame. The bank is also active in pursuing originations of mobile home loans.

Mechanics Cooperative Bank is a portfolio lender. However, in 2002 the bank sold 3 loans totaling \$1,872,421 at a 20-year fixed rate to a local financial institution while retaining the servicing rights.

Mechanics Cooperative Bank operates two full service offices including its main office located at 308 Bay Street in Taunton. The other office is located at 75 County Street in Taunton. The bank also operates a loan center at 53 County Street in Taunton.

Branch hours are considered convenient and services of the bank appear sufficient to meet the needs of the assessment area. The hours at the two offices are Monday through Wednesday from 9:00 a.m. to 4:30 p.m., Thursday and Friday from 9:00 a.m. to 5:00 p.m. In addition, the bank's branch is open on Saturdays from 8:00 a.m. to 12:00 noon. All of the offices offer a drive-up window. The bank operates walk-up ATMs at its office locations and a standalone ATM located at 508 Middleboro Avenue in East Taunton. Since the last examination, no branch offices have been closed

Mechanics Cooperative Bank has strong competition from several financial institutions within its assessment area. These financial institutions include, but are not limited to, the following: Taunton Federal Credit Union, Bristol County Savings Bank, First Federal Savings Bank as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

Market share information, obtained from PCI Services, Inc. CRA WIZ, based on 2000 aggregate performance data indicates 294 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area. The top three lenders in the assessment area for 2000 were Sovereign Bank with a 7.6 percent market share, Fleet National Bank with a 5.1 percent market share and Countrywide Home Loans with a 4.1 percent market share. Mechanics Cooperative Bank ranked seventh with a 2.0 percent market share.

The bank's most recent Community Reinvestment Act (CRA) evaluation, performed by the Federal Depositors Insurance Corporation (FDIC) as of January 28, 1999, assigned a rating of "Outstanding". The previous evaluation performed by the Commonwealth of Massachusetts Division of Banks as of May 28, 1997, also assigned a rating of "Outstanding".

Description of Assessment Area

Mechanics Cooperative Bank defines its assessment area as the City of Taunton and the towns of Berkley, Dighton, Norton, and Raynham. This delineation places the bank's designated area within the Boston MA-NH Metropolitan Statistical Area (MSA) except for Raynham which is part of the Brockton MSA.

According to 1990 US Census Data, Mechanics Cooperative Bank's assessment area has a total population of 83,832 individuals and a total of 32,053 housing units. Housing stock within the assessment area is primarily one-to-four family residential dwellings (80.9%), of which a majority (62.9%) is owner-occupied. There are 29,852 households in the assessment area. A household is defined as all persons occupying a housing unit.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The assessment area consists of 17 census tracts: 5 (29.4%) moderate-income, 9 (64.7%) middle-income and 1 (5.9%) designated, as N/A. The five moderate-income census tracts are located in the City of Taunton. The census tract designated as N/A is located in Taunton but was not used in evaluating the bank's performance due to the extremely limited lending potential.

The median home value of the assessment area is \$140,314 based on 1990 US Census Data. A more recent figure was obtained using data from the July 8, 2002, Bankers & Tradesman. According to this publication, the median selling price for a home in the assessment area was \$231,420. Prices in the assessment area ranged from a low of \$190,00 in the City of Taunton to a high of \$268,250 in the Town of Raynham.

Please refer to table two regarding other housing characteristics.

| <i>Selected Housing Characteristics by Income Category of the Geography</i> | | | | | | |
|--|---------------------------------|-------------------------------|---------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| <i>Geographic Income Category</i> | <i>Percentage</i> | | | | | |
| | <i>Census Tracts</i> | <i>House holds</i> | <i>Housing Units</i> | <i>Owner- Occupied</i> | <i>Rental Units</i> | <i>Vacant Units</i> |
| <i>Moderate</i> | 29.4 | 28.5 | 29.2 | 17.9 | 50.8 | 38.7 |
| <i>Middle</i> | 64.7 | 71.5 | 70.8 | 82.1 | 49.2 | 61.3 |
| <i>NA</i> | 5.9 | - | - | - | - | - |
| <i>Total</i> | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: U.S. Census

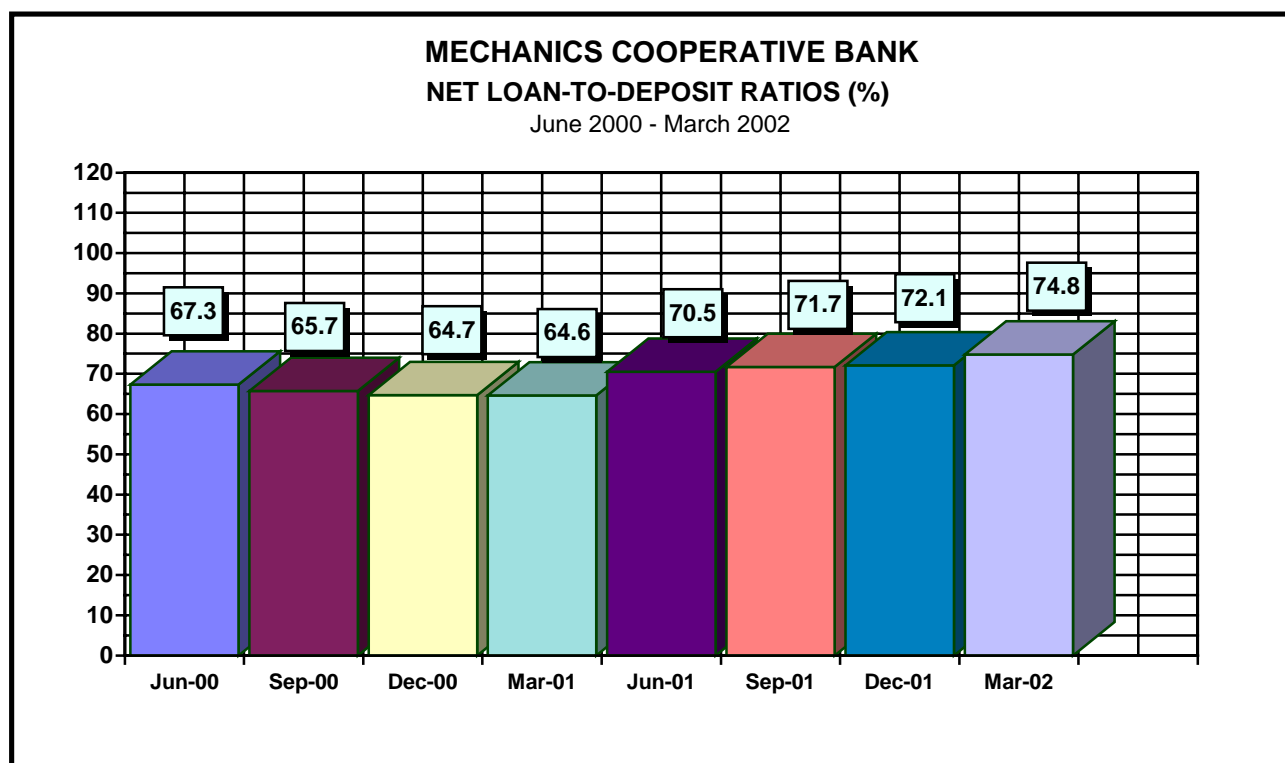
The median family incomes for the Boston MSA for 2000, 2001 and 2002 are \$65,500, \$70,000, and \$74,200, respectively. The median family incomes for the Brockton MSA for 2000, 2001 and 2002 are \$57,700, \$61,300, and \$63,500, respectively. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Two major highway systems, Interstate 495 and Route 24, which connect the area to the largest cities in New England, intersect the assessment area. Secondary roads include route 44, route 138, and route 140 and cross the assessment area in different directions. During the last economic boom, the greater Taunton area has developed industrial parks, which provide jobs to area residents. The majority of area residents commute by car, although regional and local bus services are available. The area is also home to the Silver City Galleria, a 160-store mega-mall.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Mechanics Cooperative Bank's average net loan-to-deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period June 30, 2000, through March 31, 2002, was 68.9 percent. The net loan-to-deposit ratio has increased from a low of 67.3 percent on June 30, 2000, to a high of 74.8 percent on March 31, 2002. The asset size of the institution has increased from \$77 million as of June 30, 2000, to \$97 million as of March 31, 2002, which represents a 26.0 percent increase. Loan growth has outpaced deposit growth during this time. Net loans increased approximately 41.4 percent, while deposits increased approximately 27.1 percent. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



Mechanics' Cooperative Bank's net loan to deposit ratio was compared to the ratios of other area institutions. The ratios used were as of March 31, 2002. These percentages range from a low of 58.3 percent to a high of 91.6 percent as shown in the table below.

| Institution | Assets \$(Million) | Net Loan-to-Deposit Ratio |
|----------------------------|--------------------|---------------------------|
| Medway Cooperative Bank | 98 | 91.6% |
| Mechanics Cooperative Bank | 97 | 74.8% |
| Wrentham Cooperative Bank | 78 | 58.3% |

In conclusion, the bank's average net loan-to-deposit ratio of 68.9 percent is reasonable and meets the standards for a satisfactory rating given the bank's capacity to lend and the credit needs of its assessment area.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Mechanics Cooperative Bank's 2000, 2001 and year-to-date June 26, 2002, HMDA Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During this period, the bank originated 599 HMDA-reportable loans totaling approximately \$49,176,000. Of these, 322 loans or 53.8 percent of the number totaling \$30,771,000 or 61.9 percent of the dollar value of all loans were originated in the bank's assessment area. The number and dollar volume of loans is significant for an institution of its size.

Taunton accounted for the largest percentage of originations by number with 40.9 percent, followed by Raynham with 5.5 percent. Taunton also accounted for the largest dollar volume of originations with 43.1 percent, followed by Raynham with 7.3 percent.

The following table provides the bank's HMDA-reportable lending by number and dollar amount.

| Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area | | | | | | | | |
|---|-----------------|-------------|------------------------|-------------|-----------------|-------------|-------------------------|-------------|
| Year | Inside | | | | Outside | | | |
| | Number of Loans | | Dollar in Loans (000s) | | Number of Loans | | Dollars in Loans (000s) | |
| | # | % | \$ | % | # | % | \$ | % |
| 2000 | 84 | 52.5 | 6,741 | 64.9 | 76 | 47.5 | 3,640 | 35.1 |
| 2001 | 160 | 54.4 | 15,234 | 60.0 | 134 | 45.6 | 10,173 | 40.0 |
| 2002 | 78 | 53.8 | 8,796 | 65.7 | 67 | 46.2 | 4,592 | 34.3 |
| Total | 322 | 53.8 | 30,771 | 62.6 | 277 | 46.2 | 18,405 | 37.4 |

Source: HMDA/LAR, CRA Wiz

Based on the above analysis, it is evident that the bank originated the majority of its loans to borrowers within the assessment area. Therefore, the lending performance inside the assessment area is considered to be adequate.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Brockton and Boston MA-NH Metropolitan Statistical Areas (MSA). The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households within the assessment area in each respective income group.

| Distribution of HMDA Loans by Borrower Income | | | | | | | | | |
|---|---------------------|------|-------|------|-------|------|-------|-------|-------|
| Median Family Income Level | % Total House holds | 2000 | | 2001 | | 2002 | | Total | |
| | | # | % | # | % | # | % | # | % |
| Low | 25.9 | 11 | 13.1 | 28 | 17.5 | 13 | 16.7 | 52 | 16.1 |
| Moderate | 17.3 | 29 | 34.5 | 51 | 31.9 | 23 | 29.5 | 103 | 32.0 |
| Middle | 23.9 | 24 | 28.6 | 43 | 26.9 | 20 | 25.6 | 87 | 27.0 |
| Upper | 32.9 | 18 | 21.4 | 21 | 13.1 | 15 | 19.2 | 54 | 16.8 |
| NA | - | 2 | 2.4 | 17 | 10.6 | 7 | 9.0 | 26 | 8.1 |
| Total | 100.0 | 84 | 100.0 | 160 | 100.0 | 78 | 100.0 | 322 | 100.0 |

Source: U.S. Census, HMDA LAR

During the examination period, the bank extended 52 loans to low-income borrowers representing 16.1 percent by number and 6.2 percent by dollar amount of the total loans within the assessment area. Although, this lending activity falls below the 25.9 percent of low-income households within the assessment area, 26.3 percent of individuals collect social security, 16.5 percent are retired individuals, and 8.2 percent of households live below the poverty level, which makes home ownership impossible for many of these individuals.

The table further indicates that the bank extended 103 loans to moderate-income borrowers, representing 32.0 percent by number and 24.0 percent by dollar amount of the total loans. These percentages exceed the 17.3 percent of moderate-income households in the assessment area.

The distribution of the bank's loans among various borrower income levels was compared to that of all other HMDA-reporters in the assessment area. The most recent data available for this analysis relates to calendar year 2000 and is presented in the following table

| Distribution of HMDA Reportable Loans Mechanics Co-operative Bank Compared to All Other Reporters | | | | | | | | |
|--|---------------------------------------|--------------|--------------------------------|--------------|---------------------------------------|--------------|--------------------------------|--------------|
| Borrower Income Level | Number of Loans | | | | Dollar Amount of Loans | | | |
| | Mechanics Cooperative Bank | | All Other Reporters | | Mechanics Cooperative Bank | | All Other Reporters | |
| | # | % | # | % | \$(000) | % | \$(000) | % |
| Low | 11 | 13.1 | 283 | 6.8 | 353 | 5.2 | 21,326 | 4.5 |
| Moderate | 29 | 34.5 | 985 | 23.5 | 1,495 | 22.2 | 95,691 | 20.3 |
| Middle | 24 | 28.6 | 1,165 | 27.8 | 2,041 | 30.3 | 135,108 | 28.7 |
| Upper | 18 | 21.4 | 909 | 21.7 | 2,693 | 39.9 | 128,084 | 27.2 |
| NA | 2 | 2.4 | 846 | 20.2 | 159 | 2.4 | 90,866 | 19.3 |
| Total | 84 | 100.0 | 4,188 | 100.0 | 6,741 | 100.0 | 471,075 | 100.0 |

Source: HMDA Aggregate Data

As shown above, the bank's percentage of lending to low-income borrowers is above the aggregate by number and dollar amount for 2000. The bank originated 13.1 percent by number and 5.2 percent by dollar amount of the total loans to low-income borrowers, compared to the aggregate with 6.8 percent by number and 4.5 percent by dollar amount.

Mechanics Cooperative Bank's HMDA-reportable loans within the assessment area, to moderate-income borrowers accounted for 34.5 percent by number and 22.2 percent by dollar amount. These percentages are higher than those of the aggregate, which granted 23.5 percent of total loans by number and 20.3 percent by dollar amount to moderate-income borrowers.

Mechanics Cooperative Bank ranked sixth in market share in lending to low-income individuals in the assessment area in 2000. The bank originated 11 loans to low income borrowers capturing 3.7 percent of the market. The bank also ranked fifth in 2000 with 29 originations to moderate income borrowers capturing 2.9 percent of the market. The top two lenders to low and moderate-income borrowers were Countrywide Home Loans and Fleet National Bank.

The above information suggests that the bank has identified and met the credit needs of a broad range of individuals within the assessment area, including low and moderate-income borrowers. Through its manufactured home loan and Freedom Mortgage programs, the bank has met the needs of low and moderate-income borrowers. As demonstrated above, the bank's lending to borrowers of different income levels including low and moderate-income individuals reflects an excellent performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. The assessment area is comprised of 17 census tracts: 1 or 5.9 percent are designated as NA; 5 or 29.4 percent as moderate-income; and 11 or 64.7 percent as middle-income.

The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

| Distribution of HMDA Loans by Income Category of the Census Tract | | | | | | | | | |
|---|--------------------------------------|-----------|--------------|------------|--------------|-----------|--------------|------------|--------------|
| Census Tract Income Level | % Total Owner-Occupied Housing Units | 2000 | | 2001 | | 2002 | | Total | |
| | | # | % | # | % | # | % | # | % |
| Moderate | 17.9 | 27 | 32.1 | 50 | 31.3 | 21 | 26.9 | 98 | 30.4 |
| Middle | 82.1 | 57 | 67.9 | 110 | 68.7 | 57 | 73.1 | 224 | 69.6 |
| Total | 100.0 | 84 | 100.0 | 160 | 100.0 | 78 | 100.0 | 322 | 100.0 |

Source: U.S. Census, HMDA LAR

The above table shows that the bank made a significant 30.4 percent of its loans in the moderate-income census tracts. This performance exceeds the 17.9 percent of owner-occupied housing units located in these geographies. In addition, 69.6 percent of the bank's total loans were within middle-income census tracts. These numbers indicate that the bank's business focus has had a positive impact on the bank's distribution of loans in its assessment area.

The geographic distribution of the bank's loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2000 and is presented in the following table.

| Distribution of HMDA Reportable Loans Mechanics Cooperative Bank Compared to All Other Reporters | | | | | | | | |
|--|----------------------------|--------------|---------------------|--------------|----------------------------|--------------|---------------------|--------------|
| Census Tract Income Level | Number of Loans | | | | Dollar Amount of Loans | | | |
| | Mechanics Cooperative Bank | | All Other Reporters | | Mechanics Cooperative Bank | | All Other Reporters | |
| | # | % | # | % | \$(000) | % | \$(000) | % |
| Moderate | 27 | 32.1 | 692 | 16.5 | 1,870 | 27.7 | 70,918 | 15.1 |
| Middle | 57 | 67.9 | 3,493 | 83.4 | 4,871 | 72.3 | 399,659 | 84.8 |
| NA | - | - | 3 | 0.1 | - | - | 498 | 0.1 |
| Total | 84 | 100.0 | 4,188 | 100.0 | 6,741 | 100.0 | 471,075 | 100.0 |

Source: HMDA Aggregate Data

As shown above, Mechanics Cooperative Bank originated a higher percentage of loans than the aggregate by number and dollar amount in the moderate-income census tracts. By number, the bank originated 32.1 percent of its loans in moderate-income areas while the aggregate originated 16.5 percent in moderate-income areas. By dollar amount, Mechanics Cooperative Bank originated 27.7 percent while the aggregate originated 15.1 percent.

During 2000, the bank ranked third in lending in moderate-income areas within the assessment area. The bank originated 27 loans for a 3.8 percent share in the market. The top two lenders were Sovereign Bank and Fleet National Bank.

Based on the analysis of the geographic distribution of loans, the bank has successfully penetrated census tracts of different incomes and has dispersed loans in a manner consistent with the demographics of the assessment area. The bank also exceeded the aggregate in lending in moderate-income census tracts. Thus, its performance in this criterion is considered to exceed satisfactory standards.

5. FAIR LENDING POLICES AND PRACTICES

A review of the bank's public comment file indicated that the bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the bank's residential loan application files was conducted to evaluate fair lending issues. There were no discriminatory practices evident in the file review.

The bank's fair lending policy and procedures are comprehensive. All lending personnel have received fair lending and Regulation C and CRA training.

Mechanics Cooperative Bank offers a first-time homebuyer program for eligible participants. The program features up to 90 percent loan-to-value, low down payment, flexible qualifying guidelines, a reduced interest rate and reduced closing costs. During the period under review, the bank originated 1 loan totaling \$128,700. The bank originated 199 loans totaling \$27,233,750 under the Freedom Mortgage program, and 273 mobile home loan totaling \$10,825,267. The bank also participated in a bi-lingual homebuyer seminar on June 9, 2001.

The bank has established a program for second review on residential real estate applications that are slated for denial to ensure credit decisions are in accordance with Bank policy.

An internal control reporting procedures for HMDA is also in place to ensure accuracy of HMDA data reported. A part-time auditor was recently hired to assume this responsibility.

Minority Application Flow

Mechanics Cooperative Bank's assessment area contains 83,832 individuals, 4,701 or 5.6 percent of whom are minorities. The assessment area's minority population is 0.1 percent Native American, 0.7 percent Asian, 1.4 percent Black, 2.8 percent Hispanic and 0.6 percent Other.

The bank's minority application flow for this review period was compared with the racial make-up of the assessment area. The bank received 404 residential loan applications from within its assessment area, with 13 applications or 3.2 percent from minorities. Of the 13 applications received, 11 or 84.6 percent resulted in originations. The bank's minority application flow falls below the racial composition of its assessment area. Refer to the following table for further details.

| MINORITY APPLICATION FLOW | | | | | | | | |
|---------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|
| RACE | 2000 | | 2001 | | Y-T-D 2002 | | TOTAL | |
| | # | % | # | % | # | % | # | % |
| <i>Native American</i> | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| <i>Asian</i> | 0 | 0.0 | 1 | 0.5 | 0 | 0.0 | 1 | 0.2 |
| <i>Black</i> | 0 | 0.0 | 1 | 0.5 | 1 | 1.2 | 2 | 0.5 |
| <i>Hispanic</i> | 2 | 1.6 | 0 | 0.0 | 1 | 1.2 | 3 | 0.7 |
| <i>Joint Race</i> | 1 | 0.8 | 3 | 1.5 | 1 | 1.2 | 5 | 1.3 |
| <i>Other</i> | 1 | 0.8 | 0 | 0.0 | 1 | 1.2 | 2 | 0.5 |
| Total Minority | 4 | 3.2 | 5 | 2.5 | 4 | 4.8 | 13 | 3.2 |
| <i>White</i> | 117 | 93.6 | 187 | 96.5 | 81 | 95.2 | 385 | 95.3 |
| <i>NA</i> | 4 | 3.2 | 2 | 1.0 | 0 | 0.0 | 6 | 1.5 |
| Total | 125 | 100.0 | 194 | 100.0 | 85 | 100.0 | 404 | 100.0 |

*Source: CRA Wiz Software.

The application flow was further compared to the 2000 aggregate data for all other HMDA reporters within the assessment area. Mechanics Cooperative Bank's minority application flow when compared to the other lenders within the assessment area also falls below the 2000 aggregate.

| MINORITY APPLICATION FLOW* | | | | |
|----------------------------|------------------------|--------------|------------------------------------|--------------|
| Race | Aggregate Data 2000 | | Mechanics Cooperative Bank 2000 | |
| | # | % | # | % |
| <i>Native American</i> | 10 | 0.2 | 0 | 0.0 |
| <i>Asian</i> | 23 | 0.3 | 0 | 0.0 |
| <i>Black</i> | 99 | 1.5 | 0 | 0.0 |
| <i>Hispanic</i> | 54 | 0.8 | 2 | 1.6 |
| <i>Joint</i> | 63 | 1.0 | 1 | 0.8 |
| <i>Other</i> | 72 | 1.1 | 1 | 0.8 |
| Total Minority | 321 | 4.9 | 4 | 3.2 |
| <i>White</i> | 3,869 | 58.6 | 117 | 93.6 |
| <i>NA</i> | 2,416 | 36.5 | 4 | 3.2 |
| Total | 6,606 | 100.0 | 125 | 100.0 |

*Source: PCI Services, Inc., CRA Wiz Software.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

MECHANICS' COOPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JUNE 24, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 308 Bay St. Taunton, MA.

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.